

OFFICIAL GAZETTE

GOVERNMENT OF GOA

SUPPLEMENT

GOVERNMENT OF GOA

Goa Legislature Secretariat

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The following bill which was introduced in the Legislative Assembly of Goa on 23-3-2001 is hereby published for general information in pursuance of the provisions of Rules-138 of the Rules of Procedure and Conduct of Business of the Legislative Assembly.

The Goa Cooperative Societies Bill, 2001
(Bill No. 45 of 2001)

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The Goa Cooperative Societies Bill, 2001
(Bill No. 45 of 2001)

A

BILL

to consolidate and amend the law relating to the Co-operative Societies in the State of Goa.

WHEREAS with a view to providing for the orderly development of the co-operative societies as people's institutions based on self-help and mutual aid in the State of Goa, in accordance with the Co-operative principles, it is expedient to consolidate and amend the law relating to Cooperative Societies in the State.

It is hereby enacted in the Fifty-second Year of the Republic of India as follows:—

CHAPTER - I

Preliminary

1. *Short title/ extent and commencement.* — (1) This Act may be called the Goa Co-operative Societies Act, 2001.

(2) It shall extend to the whole of the State of Goa.

(3) It shall come into force on such date as the Government may, by notification in the Official Gazette, appoint.

2. *Definitions.*— In this Act, unless the context otherwise requires,—

(1) "agricultural marketing society" means a society,—

(a) the object of which is the marketing of agricultural produce and the supply of implements and other requisites for agricultural production and

(b) not less than three-fourths of the members of which are agriculturists, or societies formed by agriculturists;

(2) "agricultural service co-operative society" means an agricultural co-operative society, the

primary object of which is to render assistance, financial or otherwise, to farmers, rural artisans and agricultural labourers;

(3) "apex society" means a society, the area of operation of which extends to the whole of the State of Goa, and the main object of which is to promote the principal objects of the societies affiliated to it as members and provide for the facilities and services to them and which has been classified as an apex society by the Registrar;

(4) "area of operation" means the area from which the membership is drawn or specified in the bye-laws;

(5) "auditor" means a person appointed by the Registrar or by a society, to audit the accounts of the society;

(6) "board of directors" means the governing body or the committee of management of a society, by whatever name called, in which the management of the affairs of a society is vested;

(7) "bye-laws" means bye-laws prescribed under the Rules and registered under this Act and include registered amendments of such bye-laws;

(8) "central bank" means a co-operative bank, the object of which includes the creation of funds to be loaned to other societies but does not include the urban co-operative bank;

(9) "chief executive" with whatever designation called, means an individual, who, subject to the superintendence, control and direction of the board of directors, has been entrusted by the board, with the management of the affairs of the society;

(10) "cooperative farming society" means a co-operative society the principal object of which is to organise cultivation of lands held by it or by its members, jointly or otherwise, with a view to increasing agricultural production and employment by proper utilisation of land, labour and other resources;

(11) "consumers cooperative society" means a cooperative society the primary object of which is the procurement and distribution of goods to, or the performance of other services for its members as also other customers;

(12) "co-operative tribunal" means the Goa Co-operative Tribunal constituted under section 114 of this Act;

(13) "cooperative housing society" means a society as defined in section 102 of this Act;

(14) "cooperative bank" means a society registered under this Act and doing the business of banking as defined in clause (b) of section 5 of the Banking Regulation Act, 1949 (Central Act X of 1949);

(15) "cooperative credit society" means a cooperative society the primary object of which is to create funds for lending money to its members;

(16) "co-operative authority" means the authority constituted under section 84 of this Act to decide disputes referred to it under any of the provisions of this Act;

(17) "co-operative year" means a year or period ending on the thirty-first day of March;

(18) "director" means a member of the board of directors;

(19) "dividend" means the amount paid, out of the profits of a society, to a member in proportion to the shares held by him;

(20) "federal society" means a society,-

(a) not less than five members of which are themselves societies, and

(b) in which the voting rights are so regulated that the members which are societies have not less than four-fifths of the total number of votes in the general meetings of such society;

(21) "general body" in relation to a primary society, means all the members of the primary society and in relation to a federal society and apex society, means all the delegates of the member societies and includes a representative general body constituted under section 69 of this Act;

(22) "general meeting" means a meeting of the general body of a society;

(23) "Government" means the Government of Goa;

(24) "industrial cooperative society" means a cooperative society, the object of which includes

manufacture, processing and marketing of goods by or with the help of its members and providing supplies and services to them;

(25) "joint member" means a member who holds jointly a share of a society with another but whose name does not stand first in the share certificate;

(26) "lift irrigation society" means a society, the object of which is to provide water supply by motive power or otherwise to its members for agriculture, horticulture and other purposes;

(27) "Liquidator" means a person appointed as liquidator under section 93 of the Act;

(28) "member" means an individual or entities mentioned in section 21 joining in the application for the registration of a co-operative society which is subsequently registered, or duly admitted to membership of a society after registration and includes a joint member;

(29) "multi State society" means a cooperative society which is registered or deemed to be registered under the Multi State Co-operative Societies Act, 1984 (Central Act 51 of 1984);

(30) "mutually aided society" means a society which does not have any share capital, loans or any financial assistance from the State or the Central Government except with a Memorandum of Understanding with the Government;

(31) "officer" means a person elected or appointed to any office of a society according to its bye-laws; and includes a chairman, vice-chairman, president, vice-president, secretary, treasurer, member of the board of directors, managing director, chief executive, manager and any other person elected or appointed under this Act, the rules or the bye-laws, to give directions in regard to the business of such society;

(32) "Official assignee" means a person appointed by the Registrar to Act as an Official assignee under section 20 of the Act;

(33) "Official Gazette" means the Official Gazette of the Government;

(34) "patronage refund" means annual refund to members in proportion to their transactions with the society during the year;

(35) "prescribed" means prescribed by rules;

(36) "primary society" means a society whose membership is available only to individuals;

(37) "processing society" means a society the object of which is the processing of goods;

(38) "producers' society" means a society, the object of which is the production and disposal of goods or the collective disposal of the labour of the members thereof;

(39) "resource society" means a society, the object of which is the obtaining for its members of credit, goods or services required by them;

(40) "Registrar" means a person appointed under section 4 of this Act and includes any other person on whom all or any of the powers of the Registrar under this Act are conferred;

(41) "rules" means rules made under this Act;

(42) "State", means the state of Goa.

(43) "society" means a co-operative society registered or deemed to be registered under this Act;

(44) "society with limited liability" means a society having the liability of its members limited by its bye-laws;

(45) "state aided society" means a society which is not a mutually aided society;

(46) "surplus" means the net excess of income over the expenditure;

(47) "year" means a Co-operative year as defined in this Act;

3. *Cooperative principles and bye-laws.*— Individuals or cooperatives intending to form into a cooperative society under this Act shall frame bye-laws conforming to the following principles of cooperation, namely:—

(a) Membership of a cooperative society shall be voluntary and available without restriction of any social, political, racial or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership;

(b) Cooperative societies are democratic organisations. Their affairs shall be administered by persons elected or appointed in a manner agreed to by the members and accountable to them. All members of cooperative societies shall enjoy equal rights of voting in the principle of one member, one vote and participation in decisions affecting their Cooperative Societies. Their administration shall be conducted on a democratic basis in a suitable form;

(c) Share capital shall receive a limited rate of dividend, if any;

(d) The economic results, arising out of the operations of a cooperative society, belong to the members of that cooperative Society and shall be distributed in such a manner as would avoid one member gaining at the expense of others, which shall be achieved,—

(i) by provision for development of the business of the cooperative society;

(ii) by provision of common services; or

(iii) by distribution among the members in proportion to their transactions with the cooperative society;

(e) all cooperative societies shall make provision for the education of their members, office-bearers and employees and of the general public, in the principles and techniques of cooperation, both economic and democratic;

(f) all cooperative societies, in order to best serve the interest of their members and their communities, shall actively cooperate in every practical way with other cooperatives at local, national and international levels having as their aim the achievement of unity of action by co-operators throughout the world.

CHAPTER-II

Registration

4. *Registrar and his subordinates.*— (1) The Government may appoint a person to be the Registrar of Co-operative Societies for the State and may appoint one or more persons to assist such Registrar with such designation, and in such local areas or throughout the State, as it may specify in that behalf and may, by general or special order, confer on any such person or persons all or any of the powers of the Registrar under this Act. The person or persons so appointed to assist the Registrar

and on whom any powers of the Registrar are conferred, shall work under the general guidance, superintendence and control of the Registrar. They shall be subordinate to the Registrar and subordination of such persons amongst themselves shall be such as may be determined by the Government.

(2) The person appointed under sub-section (1) as the Registrar, shall not, during the course of his service, serve in any capacity with any society.

5. *Societies which may be registered.*— (1) Only such society may be registered as a co-operative society under this Act which provides in its bye-laws for the social and economic betterment of its members through self help and mutual aid in accordance with the cooperative principles.

(2) A Society shall be registered with limited liability.

6. *Conditions of registration.*— (1) No society, other than a federal society, shall be registered under this Act unless it consists of at least ten persons (each of such persons being a member of a different family), who are qualified to be members under this Act and who reside or carry on business or profession in the area of operation of the society:

Provided that a Cooperative housing society consisting of at least five such persons who are residing or intend to reside in the area of operation of the society may be registered under this Act:

Provided further that, a lift irrigation society consisting of five or more such persons may be registered under this Act.

(2) No federal society shall be registered unless it has at least five societies as its members.

(3) Nothing in this Act shall be deemed to affect the registration of any society made before the commencement of this Act.

(4) The name of the society shall not have any reference to any caste or religious denomination.

(5) The word "limited" or its equivalent in any language shall be the last word in the name of every society which is registered or deemed to be registered under this Act.

Explanation.— For the purposes of this section and section 7, the expression "member of a

family" means wife, husband, father, mother, unmarried son and unmarried daughter.

7. *Application for registration.*— (1) For the purposes of registration, an application shall be made to the Registrar in the form prescribed and shall be accompanied by four copies of the proposed bye-laws of the society and such registration fee as may be determined by the Registrar. Different registration fees may be determined for different classes of societies, regard being had to the service involved in processing an application for registration.

(2) The application shall be signed,—

(a) in the case of a society other than a federal society, by at least ten persons (each of such persons being a member of a different family), who are qualified under this Act; and

(b) in the case of a Cooperative housing society, by at least five such persons:

Provided that in case where a cooperative housing society consists of more than five persons in accordance with the scheme of housing on the plot of land mentioned in the objects of the society, the application shall be signed by at least fifty one per cent of the total number of the expected members;

(c) in the case of lift irrigation society, by at least five such persons; and

(d) in the case of a federal society, by at least five societies.

(3) No signature to an application on behalf of a society shall be valid, unless the person signing is a member of the Board of Directors of such society, and is authorised by the Board by a resolution to sign on its behalf, the application for registration of the society and its bye-laws, and a copy of such resolution is appended to the application.

8. *Registration.*— (1) If the Registrar is satisfied that a proposed society has complied with the provisions of sections 5, 6 and 7 of this Act and the rules made thereunder, he may register the society.

(2) Where the Registrar refuses to register a proposed society, he shall communicate his decision, with the reasons therefor, to the person making the application, within forty five days from the date of receipt of the application. In case no

refusal is communicated within the said period of forty five days, the society shall be deemed to have been refused registration under this Act.

(3) An appeal against the order of refusal of registration under sub-section (2) shall be filled before the cooperative tribunal within a period of sixty days from the date of such refusal or deemed refusal, as the case may be.

(4) The Registrar shall maintain a register of all societies registered under this Act.

9. *Evidence of registration.*— A certificate of registration signed by the Registrar or a certified copy of the entry in the register maintained under sub-section (3) of section 8 of the Act shall be conclusive evidence that the society therein mentioned, is duly registered, unless it is proved that the registration of the society has been cancelled.

10. *Classification of Societies.*— (1) The Registrar shall classify all societies into one or other of the classes of societies defined in section 2 of this Act and also into such sub-classes thereof as may be prescribed.

(2) The Registrar may, for reasons to be recorded in writing, alter the classification of a society from one class of society to another, or from one sub-class thereof to another and may, in the interest of the cooperative movement and on such terms and conditions as he may think fit to impose, allow any society so classified to undertake the activities of a society belonging to another class.

(3) A list of all societies so classified shall be published by the Registrar every three years in such manner as the Government may, from time to time, direct.

11. *Amendment of bye-laws of society.*— (1) No amendment of the bye-laws of a society shall be valid until registered under this Act. For the purpose of registration of an amendment of the bye-laws, a copy of the amendment passed by a majority of not less than two third of the members entitled to vote who are present at a general meeting of the society shall be forwarded to the Registrar.

(2) Every application for registration of an amendment of the bye-laws shall be decided and communicated to the society by the Registrar within a period of forty five days from the date of its receipt.

(3) In case of refusal of amendment, if the decision is not communicated to the society, with the reasons therefor, within the said period of forty five days, the said amendment of the bye-laws shall be deemed to have been registered.

(4) Where the Registrar registers an amendment of the bye-laws of a society or where the amendment of the bye-laws is deemed to have been registered, he shall issue to the society a copy of the amendment certified by him which shall be conclusive evidence that the same is duly registered.

12. Power to direct amendment of bye-laws.—

(1) If, it appears to the Registrar, that an amendment of the bye-laws of a society is necessary or desirable in the interest of such society, he may call upon the society, in the manner prescribed, to make the amendment within such time as he may specify.

(2) If the society fails to make the amendment within the time specified, the Registrar may refer the matter to the cooperative tribunal for its decision. If the cooperative tribunal, after giving the society an opportunity of being heard, orders registration of the amendment, the bye-laws shall be deemed to have been duly amended accordingly with effect from the date of the order of the Cooperative Tribunal and the bye-laws, as amended, shall, subject to appeal, if any, be binding on the society and its members.

13. Change of name.— (1) A society may, by resolution passed at a general meeting and with the approval of the Registrar, change its name; but such change shall not affect any right or obligation of the society, or any of its members, or past members, or deceased members and any legal proceedings pending before any person, authority or court may be continued by or against the society, under its new name.

(2) Where a society changes its name, the Registrar shall enter the new name in its place in the register of societies and shall also amend the certificate of registration accordingly.

14. Change of liability.— (1) Subject to the provisions of this Act and the rules, a society may, by amendment of its bye-laws, change the form or extent of its limited liability.

(2) When a society has passed a resolution to change the form or extent of its liability, it shall give notice thereof in writing to all its members

and creditors and notwithstanding anything in any bye-law or contract to the contrary, any member or creditor shall, during a period of one month from the date of service of such notice upon him, have the option of withdrawing his shares, deposits or loans.

(3) Any member or creditor who does not exercise his option within the period specified in sub-section (2), shall be deemed to have assented to the change.

(4) An amendment of the bye-laws of a society, changing the form or extent of its liability, shall not be registered or take effect until, either—

(a) all members and creditors have assented, or deemed to have assented thereto, as aforesaid; or

(b) all claims of members and creditors who exercise the option, given by sub-section (2), within the period specified therein, have been met in full or otherwise satisfied.

15. Amalgamation, transfer, division or conversion of societies.— (1) A society may, by a resolution passed by two-thirds majority of the members present and voting at a special general meeting held for the purpose, decide—

(a) to amalgamate with another society;

(b) to transfer its assets and liabilities, in whole or in part, to any other society;

(c) to divide itself into two or more societies, or

(d) to convert itself into another class of society.

(2) Such decision shall take effect after the approval of the Registrar who shall pass the necessary order to that effect.

(3) When such amalgamation, transfer, division or conversion as aforesaid involves a transfer of the liabilities of a society to any other society, no order on the resolution shall be passed by the Registrar, unless he is satisfied that—

(i) the society, after passing such resolution, has given notice thereof in such manner as may be prescribed to all its members, creditors and other persons whose interests are likely to be affected (hereinafter in this sec-

tion referred to as "other interested persons"), giving them the option, to be exercised within one month from the date of such notice, of becoming members of any of the new societies, or continuing their membership in the amalgamated or converted society, or demanding payment of their share or interest or dues, as the case may be;

(ii) all the members and creditors and other interested persons have assented to the decision, or deemed to have assented thereto by virtue of any member or creditor or any other interested person failing to exercise his option within the period specified in clause (i) aforesaid, and

(iii) all claims of members and creditors and other interested persons, who exercise the option within the period specified have been met in full or otherwise satisfied.

(4) Notwithstanding anything contained in the Transfer of Property Act, 1882 (IV of 1882) or the Registration Act, 1908 (XVI of 1908), in the event of division or conversion, the registration of the new societies or, as the case may be, of the converted society, and in the event of amalgamation, the resolution of the societies concerned with amalgamation, shall, in each case, be sufficient conveyance to vest the assets and liabilities of the original society or amalgamating societies in the new societies or converted or amalgamated society, as the case may be.

(5) The amalgamation of societies, or division or conversion of a society shall not affect any rights or obligation of the societies so amalgamated, or society so divided or converted, or render defective any legal proceedings which might have been continued or commenced by or against the societies which have been amalgamated, or divided or converted; and accordingly, such legal proceedings may be continued or commenced by or against the amalgamated society or as the case may be the converted society, or the new societies.

(6) Where two or more societies have been amalgamated or a society has been divided or converted, the registration of such societies or society shall be cancelled on the date of registration of the amalgamated society, or the converted society, or the new societies between which the society may have been divided.

16. *Re-construction of societies.*— Where a proposal for a compromise or arrangement,—

(a) between a society and its creditors, or

(b) between a society and its members, is approved at a special general meeting called for the purpose, the Registrar may, on the application of the society or of any member or of any creditor of the society, or in the case of a society which is being wound up, of the liquidator, order re-construction of the society in the prescribed manner.

17. *Partnership of societies and subsidiary.*— (1) Any two or more societies may, by resolution passed by three-fourths majority of the members present and voting at a general meeting of each such society, enter into partnership for carrying out any specific business or businesses, provided that each member has had clear ten days written notice of the resolution and the date of the meeting.

(2) Nothing in the Partnership Act, 1932 (9 of 1932) shall apply to such partnership.

(3) The annual reports and accounts relating to specific business or businesses of each such society shall be placed before the annual general meeting of each such society.

(4) Any society may, by resolution passed at general meeting by three-fourths majority of members present and voting, promote one or more subsidiary organisations for the furtherance of its stated objectives and such organisations may be registered under any law for the time being in force as agreed to by the general body.

(5) The annual reports and accounts of such subsidiary organisations shall be placed before the general meeting of the promoting co-operative society every year.

(6) Any subsidiary organisation created under sub-section (4) shall exist only as long as the general body of the co-operative society deems its existence necessary.

(7) The concerned society shall intimate to the Registrar about such partnership or subsidiary within a month of its formation or dissolution.

18. *Collaboration by societies.*— Any society may, by resolution passed in a general meeting by three-fourth majority of members present and voting, enter into collaboration with any Government undertaking or any undertaking

approved by the Government for carrying on any specific business or businesses, including industrial investment, financial aid or marketing and management expertise.

19. *Cancellation of registration.*— The Registrar shall make an order cancelling the registration of a society if it transfers the whole of its assets and liabilities to another society, or amalgamates with another society, or divides itself into two or more societies or if its affairs are wound up, or it is de-registered under the provisions of sub-section (1) of section 20, or winding up proceedings in respect of the society are closed or terminated under section 99. The society shall, from the date of such order of cancellation, be deemed to be dissolved, and shall cease to exist as a corporate body.

20. *De-registration of Societies.*— (1) If the Registrar is satisfied that any society is registered on misrepresentation made by applicants, or where the work of the society is completed or exhausted or the purposes for which the society has been registered are not served, he may, after giving an opportunity of being heard to the chief promoter, the Board of Directors and the members of the society, de-register the society:

Provided that, where the number of members of the society is so large and it is not possible to ascertain the correct addresses of all such members from the records in the office of the Registrar and, in the opinion of the Registrar it is not practicable to serve a notice of hearing on each such individual member, a public notice of the proceedings of de-registration shall be given in the prescribed manner and such notice shall be deemed to be notice to all the members of the society including the chief promoter and the members of the Board of Directors of the society, and no proceedings in respect of the de-registration of the society shall be called in question in any court merely on the ground that individual notice is not served on any such member.

(2) When a society is de-registered under the provisions of sub-section (1), the Registrar may, notwithstanding anything contained in this Act or any other law for the time being in force, make such incidental and consequential orders including appointment of Official assignee as the circumstances may require.

(3) The official assignee shall realise the assets and liquidate the liabilities within a period of one year from the date he takes over the charge of the property, assets, books, records and other documents, which period may, at the discretion of the Registrar, be extended from time to time, so however, that the total period does not exceed three years in the aggregate.

(4) The Official assignee shall be paid such remuneration and allowances as may be prescribed, and he shall not be entitled to any remuneration whatever beyond the prescribed remuneration or allowance.

(5) The powers of the Registrar under sub-sections (1) and (2) shall not be exercised by any person or persons on whom all or any of the powers of the Registrar are conferred under section 4.

CHAPTER - III

Members and their Right and Liabilities

21. *Person who may become member.*— (1) Any person, who needs the services of the society, accepts the responsibilities of membership and fulfills such other conditions as may be specified in the bye-laws of the society, may be admitted as a member.

(2) No person shall be admitted as a member of a society except the following, that is to say:—

(a) an individual, who is a citizen of India and who is competent to contract under the Contract Act, 1872 (9 of 1872);

(b) a firm, company or any other body corporate constituted under any law for the time being in force, or a society registered under the Societies Registration Act, 1860 (XXI of 1860).

(c) a society registered, or deemed to be registered, under this Act or any other cooperative Societies Act;

(d) a public trust registered under any law for the time being in force for the registration of such trusts;

(3) Admission of members may be made only by an elected board of directors or by the general body where such a board does not exist:

Provided that in the case of cooperative banks and cooperative credit societies, an Administrator appointed under section 71 may admit members only for the purpose of sanction of loans.

(4) A person admitted as a member may exercise the rights of membership, including the right to vote, only on fulfillment of such conditions as may be laid down from time to time in the bye-laws;

22. *Open membership.*— (1) No society shall, without sufficient cause, refuse admission to membership to any person duly qualified therefore under the provisions of this Act and its byelaws.

(2) Where a person is refused admission as a member of a society, the decision, with the reason therefore, shall be communicated to that person within fifteen days of the date of the decision, or within three months from the date of the application for admission, whichever is earlier.

(3) Any person aggrieved by the decision of a society refusing him admission of its membership, may appeal to the cooperative authority.

(4) Where a society refuses to accept the application from an eligible person for admission as member, or the payment made by him in respect of membership, or having accepted the membership application, a society does not convey its decision within three months from the date of receipt of application, the membership shall be deemed to have been refused and the person aggrieved may appeal to the cooperative authority.

(5) An appeal under sub-section (3) shall be filed within two months of the date of communication of refusal and under sub-section (4) within two months of deemed refusal.

(6) Every such appeal under sub-section (3) or (4) shall, as far as possible, be disposed of by the cooperative authority within a period of three months from the date of its receipt.

23. *Joint member.*— (1) Subject to the provisions of section 21, a society may admit any person as a joint member. A joint member shall hold jointly a share of the society with another but his name shall not stand first in the share certificate.

(2) A member of a society may appoint not more than one joint member.

(3) When a person whose name stands first in the share certificate ceases to be a member, the person admitted as joint member shall automatically be the first member. In the event of the cessation of membership of the first member by death, the joint member shall be the first member and the nominee, if any, of the deceased member shall be the joint member.

(4) The joint member shall have equal right in the capital and property of the society with the first member.

(5) The joint member shall have the right to vote only in the absence of the member whose name stands first in the share certificate.

24. *Cessation of membership.*— A person shall cease to be a member of a society on his resignation from the membership thereof being accepted or on the transfer of the whole of his share or interest in the society to another member, or on his death, or removal or expulsion from the society or ceasing to hold the qualification for the membership under the bye-laws of the society or where a firm, company, any other corporate body, society or trust is a member, on its dissolution or ceasing to exist.

25. *Removal of member.*— A society may, by a resolution passed in a general meeting held for the purpose, remove a member on the ground that,—

(1) he carries on business which is in conflict and in competition with the business of the society as specified in the bye-laws of the society;

(2) he has not used for two consecutive years the service of a society to a minimum level as specified in the bye-laws;

(3) he has not attended three consecutive annual general meetings of the society;

(4) he is in default regarding any payment to be made to the society exceeding an amount and for the period as specified in the bye-laws:

Provided that no such resolution shall be valid unless the member concerned is given an opportunity of representing his case to the general body.

26. *Expulsion of member.*— (1) A society may, by resolution passed by a majority of not less than

three-fourths of the members entitled to vote who are present at a general meeting held for the purpose, expel a member for acts which are detrimental to the interest or proper working of the society:

Provided that, no such resolution shall be valid, unless the member concerned is given an opportunity of representing his case to the general body. If the member is aggrieved by the decision of the society expelling him from its membership, he may appeal to the cooperative authority within two months of the date of the communication of such decision.

(2) No member of a society who has been expelled under the foregoing sub-sections shall be eligible for re-admission as a member of that society, for a period of one year from the date of such expulsion.

27. *Rights of membership.*— No person shall exercise the rights of the member of a society, until he has made such payment to the society in respect of membership, or acquired such interest in the society as may be specified in the bye-laws of such society.

28. *Voting powers of members.*— (1) Save as otherwise provided herein and in sub-sections (2) to (7), no member of any society shall have more than one vote in its affairs and every right to vote shall be exercised personally and not by proxy:

Provided that a member who is in the employment of the Defence Services shall be entitled to vote by proxy through any other member of the society if he is unable to exercise his right of vote personally:

Provided further that in the case of an equality of votes, the Chairman shall have a casting vote.

(2) Where a share of a society is held jointly by more than one person, only the person whose name stands first in the share certificate, shall have the right to vote. But in his absence, the person whose name stands second shall have the right to vote.

(3) A society which has invested any part of its funds in the shares of another society, may appoint any one of its directors or officers to vote on its behalf in the affairs of that other society; and accordingly, such director shall have the right to vote on behalf of the first society.

(4) A company or any other body corporate constituted under any law for the time being in force which has invested any part of its funds in the shares of a society may appoint any one of its directors or officers to vote on its behalf in the affairs of such society; and accordingly, such director or officer shall have the right to vote on behalf of the company or body corporate.

(5) Where a firm has invested any part of its funds in the shares of a society, any one of its partners appointed by the firm shall be entitled to vote in the affairs of the society on behalf of the firm.

(6) A public trust which has invested any part of its fund in the shares of a society, may appoint any of its members or trustees, to vote on its behalf in the affairs of that society; and accordingly, such person shall have the right to vote on behalf of the public trust.

(7) In the case of a federal society, the voting rights of individual members thereof shall be such as may be regulated by the rules made under this Act and by the bye-laws of the society.

(8) No nominee of a Government or of any financial institution of any society shall be entitled to vote at any meeting of the society or election of its Board of Directors.

(9) If a member has taken loan from the society, such member shall, in case he is a defaulter in paying three or more consecutive instalments towards repayment of the loan on the due dates, have no right to vote in the affairs of the society:

Provided that, a member shall not be deemed to be a defaulter if he has discharged his obligations to deliver his marketable produce to the marketing or processing society and the value of such produce is not less than the amount of his dues, even if the actual settlement of his dues, either in whole or in part, takes place at a later date.

29. *Restrictions on transfer or charge on share or interest.*— (1) A transfer of, or charge on the share or interest of a member in the share capital of the society shall be subject to such conditions as may be prescribed.

(2) A member shall not transfer any share held by him or his interest in the capital or property of any society, or any part thereof, unless—

(a) he has held such share or interest for not less than one year;

(b) the transfer is made to a member of the society or to a person whose application for membership has been accepted by the society.

(3) Notwithstanding anything contained in sub-sections (1) and (2), where a member is allowed to resign, or is expelled, or ceases to be a member on account of his being disqualified by this Act or by the rules made thereunder or by the bye-laws of the society, the society may acquire the share or interest of such member in the share capital by paying for it at the value determined in the manner prescribed, provided that the total payment of share capital of the society in any co-operative year for such purposes does not exceed ten per cent of the paid up share capital of the society on the last day of the co-operative year immediately preceding.

Explanation.— The right to forfeit the share or interest of any expelled member in the share capital by virtue of any bye-laws of the society, shall not be affected by the aforesaid provisions.

(4) Where the Government contributes to the share capital of a society, it shall not be necessary for the Government to be a member of such society and the restrictions contained in this section shall not apply to any transfer made by it of its share or interest in the capital of the society, and the Government may, notwithstanding anything contained in this Act, withdraw from the society its share capital at any time, after giving to the society notice thereof of not less than three months.

30. *Transmission of interest on death of member.*— (1) On the death of a member of a society, the society shall transmit the share or interest of the deceased member to a person or persons nominated, or to such person as may appear to the Board of Directors to be the heir or legal representative of the deceased member:

Provided that, such nominee, heir or legal representative, as the case may be, is duly admitted as a member of the society:

Provided further that nothing contained in this sub-section or in section 21 shall prevent a minor or person of unsound mind from acquiring by inheritance or otherwise, any share or interest of a deceased member in a society.

(2) Notwithstanding anything contained in sub-section (1), any such nominee, heir or legal repre-

sentative, as the case may be, may require the society to pay to him the value of the share or interest of the deceased member, ascertained in accordance with the rules.

(3) A society may pay all other moneys due to the deceased member from the society to such nominee, heir or legal representative, as the case may be.

(4) All transfers and payments duly made by a society in accordance with the provisions of this section shall be valid and effectual against any demand made upon the society by any other person.

31. *Share or interest not liable to attachment.*— The share or interest of a member in the capital of a society, or in the loan stock issued by a cooperative housing society, or in the funds raised by a society from its members by way of savings deposit, shall not be liable to attachment or sale under any decree or order of a court for or in respect of any debt or liability incurred by the member, and accordingly, neither a receiver under the Provincial Insolvency Act, 1920 (V of 1920), nor any such person or authority under any corresponding law for the time being in force, shall be entitled to, or have any claim on, such share or interest.

32. *Rights of members to see books, etc.*— (1) Every member shall be entitled to inspect, free of cost, at the society's office during office hours, or at any time fixed for the purpose by the society, the bye-laws, the last three years audited annual financial statements, audit report and audit rectification report and those portions of the minutes of general meetings and Board meetings and books, and records relevant to his transactions with the society.

(2) A society shall furnish to a member, on request in writing and on payment of such fees as may be specified in the bye-laws, a copy of any of the documents mentioned in the foregoing sub-section within one month from the date of payment of such fees.

33. *Liability of past member and estate of deceased member.*— (1) Subject to the provisions of sub-section (2), the liability of a past member, or of the estate of a deceased member, of a society for the debts of the society as they stood,

(a) in the case of a past member, on the date on which he ceased to be a member, and

(b) in the case of a deceased member, on the date of his death, shall cease after a period of two years from such date.

(2) Where a society is ordered to be wound up under any provision of this Act, the liability of a past member or of the estate of a deceased member, who ceased to be a member or died, within two years immediately preceding the date of the order of winding up, shall continue until the entire liquidation proceedings are completed; but such liability shall extend only to the debts of the society as they stood on the date of his ceasing to be a member or death, as the case may be.

34. *Insolvency of members.*— Notwithstanding anything contained in the Provincial Insolvency Act, 1920 (V of 1920) or any corresponding law for the time being in force, the dues of a society from a member, in insolvency proceedings against him, shall rank in order of priority next to the dues payable by him to the Government or to a local authority.

CHAPTER - IV

Incorporation, Duties and Privileges of Societies

35. *Societies to be bodies corporate.*— The registration of a society shall render it a body corporate by the name under which it is registered, with perpetual succession and a common seal, and with power to acquire, hold and dispose of property, to enter into contracts, to institute and defend suits and other legal proceedings, and to do all such things as are necessary for the purpose for which it is constituted.

36. *Address of societies.*— Every society shall have an address registered in accordance with the rules, to which all notices and communication will be sent; and the society shall inform in writing to the Registrar of any change in the said address within thirty days thereof.

37. *Register of members.*— (1) Every society shall keep a register of its members and enter therein the following particulars, that is to say:-

(a) the name, address and occupation of each member;

(b) in the case of a society having share capital, the share held by each member;

(c) the date on which each person was admitted as a member;

(d) the date on which any person ceased to be a member;

(e) such other particulars as may be prescribed:

Provided that, where a society has by or under this Act, permitted a member to transfer his share or interest on death to any person, the register shall also show against the member concerned the name of the person entitled to the share or interest of the member, and the date on which the nomination was recorded.

(2) The register shall be prima facie evidence of the date on which any person was admitted to membership, and of the date on which he ceased to be a member.

38. *Copy of Byelaws etc. to be open to inspection.*— The Registrar shall keep the bye-laws and a list of members of the Board of Directors of every society registered under this Act, open for inspection to the public, on payment of such fees as may be prescribed.

39. *Admissibility of copy of entry as evidence.*— (1) A copy of any entry in any book, register or list, regularly kept in the course of business and in the possession of a society, shall, if duly certified in such manner as may be prescribed, be admissible in evidence of the existence of the entry and shall be admitted as evidence of the matters and transactions therein recorded in every case where, and to the same extent to which, the original entry would, if produced, have been admissible to prove such matters.

(2) In the case of such societies as the Government may, by general or special order direct, no officer of a society shall in any legal proceedings to which the society is not a party, be compelled to produce any of the society's books, the contents of which can be proved under the foregoing subsection, or to appear as a witness to prove the matters, transactions and accounts therein recorded, unless by order of the Court made for special cause.

40. *Power to exempt from taxation.*— The Government, by notification in the Official Gazette may, in the case of any society or class of societies, remit —

(a) the stamp duty with which, under any law relating to stamp duty for the time being in force, instruments executed by or on behalf

of a society or by an officer or member thereof, and relating to the business of the society, or any class of such instruments, or awards of the Registrar or his nominee or board of nominee under this Act, are respectively chargeable;

(b) any fee payable by or on behalf of a society under the law relating to the registration of documents and to court-fees for the time being in force, and

(c) any other tax or fee or duty (or any other portion thereof) payable by or on behalf of a society under any law for the time being in force, which the Government is competent to levy.

41. *Restrictions on borrowings.*— A society shall receive deposits and loans from members and other persons, only to such extent, and under such conditions, as may be prescribed.

42. *Regulation of loan making policy.*— (1) No society shall make a loan to any person other than a member, or on the security of its own shares, or on security of any person who is not a member:

Provided that with the approval of the general body, a society may make loans to or accept deposits from another society of its classification which is not its member.

(2) Notwithstanding anything contained in the foregoing sub-section, a society may make a loan to a depositor on the security of his deposit.

43. *Charge and set off in respect of share or interest of member.*— A society shall have charge upon the share or interest in the capital and on the deposits, of a member or past member or deceased member, and upon any dividend, patronage refund or surplus payable to any such member, in respect of any debt due from such member or his estate to the society; and the society may set off any sum credited or payable to such member in or towards payment of any such debt:

Provided that, no co-operative bank shall have a charge upon any sum invested with it by a society out of the provident fund established by it under section 56 or its reserve fund, and no co-operative bank shall be entitled to set off any such sum towards any debts due from the society.

44. *Prior claim of society.*— (1) Notwithstanding anything contained in any other law for the time

being in force, but subject to any prior claim of the Government in respect of land revenue or any money recoverable as land revenue and to the provisions of sections 60 and 61 of the Code of Civil Procedure, 1908 (V of 1908),—

(a) any debt or outstanding demand, owing to a society by any member or past member or deceased member, shall be a first charge,—

(i) upon the crops or other agricultural produce raised in whole or in part, whether with or without a loan taken from the society by such member or past member or deceased member;

(ii) upon any cattle, fodder for cattle, agricultural or industrial implements or machinery, or raw materials for manufacture, or workshop, godown or place of business supplied to or purchased by such member or past member or deceased member, in whole or in part, from any loan, whether in money or goods made to him by the society; and

(iii) upon any movable property which may have been hypothecated, pledged or otherwise mortgaged by a member with the society, and remaining in his custody;

(b) any outstanding demands or dues payable to a society by any member or past member or deceased member, in respect of rent, shares, loans or purchase money or any other rights or amounts payable to such society, shall be a first charge upon his interest in the immovable property of the society.

Explanation:— The prior claim of the Government in respect of dues other than land revenue, shall be restricted for the purpose of sub-section (1) to the assets created by a member out of the funds in respect of which the Government has a claim.

(2) No property or interest in property, which is subject to a charge under the foregoing sub-section, shall be transferred in any manner without the previous permission of the society; and such transfer shall be subject to such conditions, if any, as the society may impose.

(3) Any transfer made in contravention of sub-section (2) shall be void.

(4) Notwithstanding anything contained in sub-sections (2) and (3), a society which has as one

of its objects the disposal of the produce of its members, may provide in its byelaws, or may otherwise contract with its members,—

(a) that every such member shall dispose of his produce through the society, and

(b) that any member, who is found guilty of a breach of the byelaws or of any such contract, shall reimburse the society for any loss, determined in such manner as may be specified in the bye-laws.

45. Deduction from salary to meet society's claim in certain cases.— (1) A member of a society may execute an agreement in favour of the society, providing that his employer shall be competent to deduct from the salary or wages payable to him by the employer, such amount as may be specified in the agreement, and to pay to the society the amounts so deducted in satisfaction of any debt or other demand of the society against the member. A copy of such agreement duly attested by an officer of the society shall be forwarded by the society to the employer.

(2) On receipt of a copy of such agreement, the employer shall, if so required by the society, by a requisition in writing in the form prescribed, and so long as the total amount shown in the copy of the agreement as payable to the society has been deducted and paid to the society, make the deduction in accordance with the agreement and pay the amount so deducted to the society, as if it were a part of the wages payable by him as required under the Payment of Wages Act, 1936 (IV of 1936) on the day on which he makes payment.

(3) If, after the receipt of a requisition made under the foregoing sub-section, the employer at any time fails to deduct the amount specified in the requisition from the salary or wages payable to the member concerned or makes default in remitting the amount deducted to the society, the employer shall be personally liable for the payment of such amount or where the employer has made deductions but the amount so deducted is not remitted to the society, then such amount together with interest thereon at one and half times the rate of interest charged by the society, to the member for the period commencing on the date on which the amount was due to be paid to the society and ending on the date of actually remitting it to the society; and such amount together with the interest thereon, if any, shall, on a certificate issued by the Registrar, be recoverable from him as an arrear of land revenue, and the amount and interest so due shall rank in priority in respect of such liability of the employer as wages in arrears.

(4) A requisition under sub-section (2) shall be made by the society within one year from the date of default by the member concerned in payment of any debt or other demand of the society.

(5) This section shall not apply to the surety of a loanee member.

CHAPTER - V

State aid to Societies

46. Government investment in societies.— The Government may subscribe to the share capital of a society with limited liability, upon such terms and conditions as may be agreed upon.

47. Liability to be limited in respect of Government shares.— Where any shares are purchased in a society by the Government, the liability in respect of such shares shall, in the event of the society of which the shares are purchased being wound up, be limited to the amount paid in respect of such shares.

48. Other forms of State aid to societies.— Notwithstanding anything contained in any law for the time being in force, but subject to such conditions as the Government may, by general or special order specify in this behalf, the Government may,—

(a) give loans to a society;

(b) guarantee the payment of the principal of debentures issued by a society, or of interest thereon, or both or the repayment of the share capital of a society to its members, or the payment of dividends thereon at such rates as may be specified by the Government;

(c) guarantee the repayment of loans given by a Cooperative Bank to a society;

(d) guarantee the repayment of the principal of and payment of interest on, loans and advances given by the Reserve Bank of India, or any Bank or any other financial institution constituted under any law for the time being in force; or

(e) provide financial assistance, in any other form, including subsidies, to a society.

49. Provisions of this Chapter to override other laws.— The provisions in this Chapter shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

CHAPTER-VI

Property and Funds of Societies

50. *Mobilisation of funds.*— A society may mobilise funds in the form of share capital, deposits, debentures, loans and other contributions from its members to such extent and under such conditions as may be specified in the bye-laws.

51. *Restrictions on borrowings.*— (1) A society may raise loans and receive amounts from external sources to such extent and under such conditions as may be specified in the bye-laws.

(2) The deposits or loans raised from external sources shall at no time exceed ten times the sum of members' funds and organisational reserves less accumulated deficit, if any.

Provided that in case of Cooperative Housing Societies, the borrowings shall not exceed twenty times and in case of Cooperative Banks twenty five times the sum of members' funds and organisational reserves less accumulated deficit, if any.

(3) A mutually aided society shall not accept share capital from the Government but may accept other funds or guarantee from the Government on such terms and conditions as are mutually agreed upon through a memorandum of understanding.

(4) A society may accept funds from the Government or other financing institution on such terms and conditions as are mutually contracted upon. Such conditions may include the right of the Government or other financier to nominate its representative on the board of directors of the society, subject, however, to the restriction that such representative shall not have the right to vote in the meetings of the society.

52. *Disposal of net surplus.*— The society shall prepare its Annual Financial Statement and arrive at its surplus or deficit. The society shall, out of its net surplus arising from its business in any year, make deferred payment to its members as patronage refund in proportion to the contribution of the members to such business an amount not less than 20% and not exceeding 50% of such surplus. The balance of net surplus shall be appropriated in the following manner:—

(a) At least 25% shall be transferred to statutory reserve fund;

(b) At least 20% shall be transferred to a deficit fund for meeting unforeseen deficits;

(c) Not less than 2% with a maximum limit of Rupees one lakh towards contribution to the Cooperative Education Fund which shall be transferred to the Goa Rajya Sahakari Sangh;

(d) Upto 5% to be transferred to a common benefit fund or common welfare fund whose purpose is approved by the general body;

(e) Upto 5% towards contribution for any purpose connected with the development of the cooperative movement;

(f) Not exceeding 25% of paid up share capital towards payment of dividend to members;

(g) The balance of surplus may be appropriated towards such other funds and reserves as may be approved by the board and confirmed by the general body.

53. *Liability for deficit.*— (1) Where a society has an operational deficit in any given year, the board of directors shall place before the general body the detailed report of causes of such deficit.

(2) The general body shall examine the reasons and where the deficit has arisen in the normal course of the business of the society, the general body may, based on its examination, resolve to make good the operational deficit, wholly or partly, from the deficit fund and other reserves.

54. *Reserve and other funds.*— (1) A society may create statutory and non-statutory reserves and other funds for the promotion of the objects of the society.

(2) Reserves and other funds shall be used for the purpose for which they were created when necessary but otherwise may be used in the business of the society. An annual interest equal to the Bank rate shall be credited to the accounts of such funds annually.

(3) Every society shall provide funds each year for cooperative education and training of its members, staff and Directors.

55. *Investment of funds outside the business.*— Such of its funds as are not needed for use by a society may be invested or deposited outside its business—

(a) in the local postal saving bank;

(b) in any of the securities specified in section 20 of the Indian Trusts Act, 1882 (Central Act 2 of 1882);

(c) in the shares, debentures, and deposits in the

State Co-operative Bank;

(d) in a cooperative or nationalised or scheduled bank;

(e) in any federal society of which it is a member;

(f) in deposits with Government companies.

(g) in any other mode permitted by the rules or by general or special order of the Government.

56. *Employees provident fund.*— (1) Every society having more than five employees shall establish for its employees a provident fund into which shall be paid the contribution made by its employees and by the society. Such provident fund shall not be used in the business of the society nor shall it form part of the assets of the society but shall be invested under the provisions of the last preceeding section and shall be administered in the manner prescribed.

(2) Notwithstanding anything contained in the foregoing sub-section, a provident fund established by a society to which the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 (XIX of 1952) is applicable, shall be governed by that Act.

57. *Funds not to be utilized for certain proceedings filed or taken by or against officer in personal capacity.*— Any expenditure incurred from the funds of the society for the purpose of any proceedings filed or taken by or against any officer of the society in the matter of elections to the board of directors or misfeasance proceedings shall be recoverable from the said officer by the society if the proceedings are decided against him.

CHAPTER-VII

Management of Societies

58. *General body.*— (1) Subject to the provisions of this Act and the rules made thereunder, the final authority of every society shall vest in the general body of members, in general meeting summoned in such a manner as may be specified in the bye-laws.

(2) Where, because of spread of number of members a society feels the need for constituting a representative general body for more effective decision making, it may constitute a representative general body in such manner and with such functions as may be specified in the bye-laws.

(3) Subject to the provisions of this Act and the bye-laws, the following matters shall be dealt with by the general body in the general meetings:—

(a) amendments to bye-laws;

(b) removal of directors;

(c) consideration of—

(i) annual audited financial statement of the society and its subsidiaries, if any;

(ii) annual report of activities;

(iii) auditors report and audit rectification report.

(iv) annual operational plan and budget.

(v) Approval of excess budgetary expenditure of the previous year;

(vi) long term perspective plan and budget, if any;

(vii) special audit report or inquiry report, if any;

(d) appointment and removal of statutory auditors of mutually aided society;

(e) appropriation of net surplus;

(f) management of deficits;

(g) fixation of remuneration and other facilities to be allowed to the chairman, any directors or member of any committee or internal auditor in connection with his duties in that capacity or his attendance at related meetings;

(h) amalgamation, division re-constitution and partnership with any other society;

(i) sale and disposal of business undertakings;

(j) dissolution of society;

(k) all other functions expected of the general body under the other provisions of this Act.

59. *Board of directors.*— (1) The management of every society shall vest in a board of directors constituted in accordance with this Act, the rules and byelaws, which shall exercise such powers and perform such duties as may be conferred or imposed by this Act, the rules and the byelaws.

(2) The term of office of the board of directors elected after the commencement of the Goa Co-operative Societies Act, 2001, shall be five years from the date of its election:

Provided that where in terms of the provisions of the bye-laws of a society, one-third members of its committee or board of directors retire every year, the term of office of such a committee or board shall, after the commencement of the Goa Co-operative Societies Act, 2001, expire on the date on which retirement of any of its one-third members falls for the first time.

(3) The size of the board of directors shall be in accordance with the bye-laws, subject to a maximum of 15 directors. The chief executive shall be an ex-officio director of the board.

(4) The board shall have a Chairman and such other office bearers as may be provided in the bye-laws who shall be elected from among the directors in the manner provided in the bye-laws. Provided that no directors who is representing individual members on the board of directors of an Apex or Federal Society shall be a Chairman or other officer of such society.

(5) The board of directors may set up committees from among its directors and others for specific purposes and such committees shall submit their reports with recommendations or observations to the board for action, within the time specified by the board.

(6) Every director and employee of a society while exercising his powers and discharging his duties shall,—

(a) act honestly and in good faith and in the best interests of the society; and

(b) exercise such due care, diligence and skill as a reasonably prudent person would exercise in similar circumstances.

(7) A director or employee who is guilty of misappropriation, breach of trust or any other omission or commission, resulting in loss to the society as a result thereof, shall be personally liable to make good that loss, without prejudice to such criminal action to which he is liable under the law.

60. *Disqualification for being director.*— (1) In addition to such criteria as may be specified in the byelaws, a person shall be ineligible for being chosen as a director, if he,—

(a) has at any time, lost the right to vote as a member as specified in the bye-laws;

(b) loses the right to continue as member under the provisions of the Act, rules and bye-laws;

(c) is a defaulter of any society;

Explanation.— For the purpose of this clause, the term "defaulter" includes—

(i) in the case of a resource society, a member who defaults the payment of the crop loan on the due date;

(ii) in the case of a society which lends term loaning, a member who defaults the payment of any installment of the loan granted to him;

(iii) in the case of any society,—

(a) a member who has taken anamat or advance; or

(b) a member who has purchased any goods or commodities on credit or availed himself of any services from the society for which charges are payable; and fails to repay the full amount of such anamat or advance or pay the price of such goods or commodities or charges for such service, after receipt of notice of demand by him from the concerned society or within thirty days from the date of withdrawal of anamat or advance by him or from the date of delivery of goods to him or availing of services by him, whichever is earlier;

(iv) in the case of resource society the principle object of which is to provide credit for non-agricultural purposes, a member who defaults the payment of three consecutive instalments of the loan granted;

(v) in the case of Cooperative housing societies, a member who defaults the payment of dues to the society within three months from the date of service of notice in writing served by post under certificate of posting demanding the payment of dues;

(d) carries on business of the kind carried on by the society, either in his name or in the name of any member of his family or he or any member of his family is a partner in a firm or a director in a company which carries on business of the kind carried on by the society;

Explanation.— For the purposes of this clause, the expression "family" means a wife, husband, father, mother, brother, sister, son, daughter, son-in-law, or daughter-in-law; or

(e) is a salaried employee of the society or holds any office of profit under the society; or

(f) has incurred any other disqualification under this Act or the rules made thereunder.

(2) A person shall cease to be a director if such person incurs any of the disqualifications specified in sub-section (1) or—

(a) absents himself from three consecutive board meetings without leave of absence;

(b) absents from three consecutive general meetings.

(c) is penalised under this Act.

(3) In order to be eligible for being chosen as director of the board of directors of a society which has been in existence for more than two years, a member,—

(a) shall have been a voting member of the society for at least two years immediately preceding the year of election;

(b) shall have attended two general meetings of the society held immediately preceding the elections.

61. *Disqualification of all directors of the board.*— Notwithstanding anything contained in the foregoing section, all the directors of the board shall be deemed to have incurred disqualification for a period of five years for being chosen as directors and shall be ineligible to continue as directors of the society, if, during their term as directors of the society,—

(a) they did not conduct the annual general meeting within nine months of closure of the society's accounting year;

(b) they did not conduct a requisitioned general meeting within the specified time;

(c) they did not place the accounts for the preceding co-operative year before the general body at its annual general meeting.

62. *Powers and functions of the board of directors.*— (1) Without prejudice to the generality of the powers of the board under section 59, the board shall have powers to —

(a) admit members;

(b) elect and remove the office bearers;

(c) accept or reject the resignation of the directors on the board;

(d) appoint and remove the chief executive;

(e) fix the staff strength;

(f) frame policies concerning—

(i) business of the society;

(ii) recruitment and service conditions of the staff;

(iii) mobilisation, utilisation and investment of various funds;

(iv) maintenance of accounting systems;

(v) management information systems;

(vi) such other subjects and matters necessary for the effective performance of the society;

(g) place the annual report, annual financial statements, annual plan and budget for the approval of the general body;

(h) consider audit and compliance reports and place these before the general body;

(i) acquire or dispose of immovable property;

(j) take such other measures or do such other acts as may be prescribed or required under this Act.

(2) The chairperson shall be elected by the board from among the elected members and shall, in accordance with the byelaws—

(a) preside at meetings of the board and the general body;

(b) have only a casting vote in the event of equality of votes on any matters being decided upon by the board.

(c) exercise such other powers as may be delegated by the board and specified in the policies framed or resolutions adopted by the board.

63. *Chief Executive.*— (1) There shall be a Chief Executive, by whatever designation called, of every society, to be appointed by the board and he shall be a full time employee of such society.

(2) The Chief Executive shall be a member of the board and of the committees as may be constituted under the provisions of the bye-laws.

(3) Where the Government has subscribed to the extent of more than one half of the share capital of a society, it shall be obligatory on such a society to seek prior approval of the Government to the appointment of the Chief Executive.

64. *Powers and functions of chief executive.*— The Chief Executive shall exercise the power and discharge the functions specified below, namely:—

(a) day-to day management of the business of the society;

(b) operating the accounts of the society and be responsible for making arrangement for safe custody of the cash;

(c) signing on the documents for and on behalf of the society;

(d) making arrangements for the proper maintenance of various books and records of the society and for the correct preparation and timely submission of the periodical statements and returns in accordance with the provisions of this Act, the rules and the bye-laws;

(e) convening meetings of the general body of the society, the board and the other committees constituted by the board and maintaining proper record of such meetings;

(f) making appointments to posts in the society in accordance with the directions of the board;

(g) assisting the board in the formulation of policies, objectives and planning;

(h) appraising the board with periodical information necessary for the operations and functions of the society;

(i) performing such other duties and exercising such other powers as may be prescribed or

as may be specified in the bye-laws of the society.

65. *Society's nominee on other society not eligible to be office bearer except in a federal society.*— No member of a society who is nominated to represent it on any other society shall be eligible for being elected as office bearer of the other society, unless the other society is its federal society.

66. *Election to board of directors of societies.*— (1) The elections to the board of directors of all the societies and representative general bodies under section 69(d) and (e) of this Act, except those mentioned in sub-section (5) of this section, shall be conducted by the Registrar in such manner as may be prescribed.

(2) Where the Registrar fails to hold election to the board of any society, the term of office of the members of the board of that society shall be deemed to have been extended till the date immediately preceding the date of the first meeting of the newly elected board.

(3) The voting at election shall be by secret ballot.

(4) The expenses for holding any such elections shall be borne by the concerned society.

(5) Societies having paid up share capital of less than rupees twenty five lakhs may hold their election in accordance with their bye-laws and election rules: Provided that the Registrar may conduct the election of any such society in accordance with the provisions of sub-section (1) to (4) of this section if he is satisfied that circumstances exist for such election. No such election shall, however, be held by the Registrar after the election programme is commenced by the society in accordance with its bye-laws and election rules.

67. *Vacancies on the board of directors.*— (1) Where there is a vacancy or vacancies on the board of directors, the remaining directors may exercise all the powers of the board or may fill the vacancies for the remainder of the term from eligible persons through co-option if such vacancies are not more than one-third of the total number of directors of the board.

(2) Where there is a vacancy or vacancies on the board in excess of one-third of the total number